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Sustainability Reporting for Indian Businesses: What Companies Should Prepare in 2026

Sustainability reporting is no longer a topic only for big listed companies. In 2026, more Indian businesses — big and small — are being asked by investors, banks, customers, and regulators to show clear proof of their environmental, social, and governance (ESG) performance. If your company sells to global buyers, works with listed companies, or wants to raise funds, sustainability reporting is quickly becoming a business necessity, not just a compliance task.

This article explains, in simple language, what sustainability reporting means for Indian businesses, why it matters in 2026, and what companies should prepare now to stay ready and competitive.

What Is Sustainability Reporting?

Sustainability reporting means sharing information about how a company manages its impact on the environment, its employees, its communities, and its governance practices. In India, the main framework for this is the Business Responsibility and Sustainability Report, known as BRSR, introduced by the Securities and Exchange Board of India (SEBI).

BRSR is built around nine broad principles covering areas like environmental protection, employee wellbeing, human rights, and fair business conduct. It asks companies to share both descriptions of their policies and hard numbers, such as energy use, water consumption, greenhouse gas emissions, and workforce diversity.

Who Needs to Prepare Sustainability Reports in 2026?

BRSR reporting is mandatory for India's top 1,000 listed companies by market capitalization. Within this group, a smaller and more detailed set of indicators called BRSR Core requires independent third-party assurance, similar to a financial audit but for ESG data.

This assurance requirement started with the top 150 listed companies and has been expanding every year. By financial year 2025-26, it covers a much larger group of companies, and by 2026-27 it is expected to reach all top 1,000 listed companies. This means many mid-sized listed companies that were not covered earlier will now fall under the assurance requirement for the first time.

Even if your company is not directly listed, sustainability reporting still matters if you are:

- A supplier or vendor to a large listed company
- An exporter working with global buyers who ask for ESG data
- A company planning an IPO or seeking bank finance
- A business wanting to build trust with investors and customers

Large listed companies are increasingly asking their suppliers for basic ESG information, since this data may be needed for the listed company's own value-chain disclosures. So even unlisted businesses should start preparing basic sustainability data now.

What Changed Recently in India's Sustainability Reporting Rules

SEBI has been refining BRSR rules step by step in recent years. Some important updates that Indian companies should know about in 2026 include:

- BRSR Core now focuses on a defined set of key ESG attributes, including emissions, water, waste, energy, employee wages, gender diversity, and business openness
- Independent assurance on BRSR Core is being extended in phases, from the largest listed companies to smaller ones
- Reporting on ESG performance of major suppliers and customers (value chain disclosures) was eased to a voluntary basis for now, giving companies more time to build proper data systems
- SEBI has issued industry standard notes to help companies calculate and report ESG numbers in a more consistent way

These changes show that while some deadlines have been extended for practical reasons, the overall direction is clear: sustainability data will keep becoming more detailed, more standardized, and more closely checked over time.

What Companies Should Prepare in 2026

1. Set Up a Clear ESG Data Collection System

Many companies still collect ESG data manually through emails and spreadsheets. This creates errors and delays, especially when assurance providers ask for supporting evidence. Companies should build a simple but consistent system to track energy bills, water usage, waste records, and employee data throughout the year, not just before the reporting deadline.

2. Assign Clear Ownership

Sustainability reporting touches many departments: HR, finance, procurement, operations, and compliance. Without a clear owner, data often gets delayed or missed.

Appoint a person or small team responsible for coordinating ESG data collection across departments.

3. Keep Supporting Documents Ready

If your company falls under BRSR Core assurance, independent assessors will want to see evidence behind every number, not just the final figure. This includes utility bills, payroll records, training logs, and policy documents. Keeping these organized through the year makes assurance faster and reduces last-minute stress.

4. Review Your Supply Chain Readiness

If large listed companies buy from you, they may soon ask for basic ESG information about your operations. Being able to answer simple questions about your energy use, waste management, and labor practices can strengthen your business relationship and give you an edge over competitors who are not prepared.

5. Align with Global Standards Where Possible

Indian BRSR reporting is designed to be broadly compatible with global frameworks like GRI and TCFD. Companies that export or deal with multinational clients should try to structure their sustainability data in a way that can also support these international expectations, saving effort when reporting to overseas partners.

6. Get Familiar with Assurance Requirements Early

If your company is approaching the size where BRSR Core assurance becomes mandatory, do not wait until the deadline. Engage with your statutory auditor or a qualified assurance provider early, run an internal readiness check, and fix data gaps well before the formal assurance process begins.

7. Treat Sustainability Reporting as a Business Opportunity

Companies that report strong, credible ESG data often find it easier to attract investors, get better loan terms, and win business from customers who care about responsible sourcing. A well-prepared sustainability report is not just a compliance document — it can become a trust-building tool for your brand.

Common Mistakes to Avoid

- Treating sustainability reporting as a once-a-year task instead of an ongoing process
- Using estimated numbers without proper supporting records
- Ignoring supply chain and vendor-level ESG questions
- Waiting until the last minute to prepare for assurance checks

- Not aligning internal teams on who owns which part of the data

Frequently Asked Questions (FAQs)

1. Is sustainability reporting compulsory for all Indian companies?

No. BRSR reporting is currently mandatory only for India's top 1,000 listed companies by market capitalization. However, many unlisted companies, exporters, and suppliers are adopting it voluntarily because their customers or investors ask for ESG information.

2. What is the difference between BRSR and BRSR Core?

BRSR is the full sustainability report covering many qualitative and quantitative disclosures. BRSR Core is a smaller, focused set of key ESG indicators within BRSR that requires independent third-party assurance, similar to a financial audit.

3. Do small and medium businesses need to worry about sustainability reporting?

Yes, indirectly. Many small and medium businesses supply goods or services to large listed companies. These listed companies may ask suppliers for basic ESG data to complete their own value-chain disclosures, so it helps to be prepared even without a direct legal requirement.

4. What happens if a company delays or gets its sustainability reporting wrong?

For companies where BRSR is mandatory, incomplete or incorrect reporting can be treated as a violation of stock exchange listing rules and may lead to penalties. Beyond legal risk, poor or inconsistent ESG reporting can also hurt investor confidence and business relationships.

Final Thoughts

Sustainability reporting in India is moving from a compliance formality to a real business requirement. With SEBI steadily expanding BRSR and BRSR Core assurance to more companies, and large corporations pushing ESG expectations down their supply chains, 2026 is the right time for Indian businesses of all sizes to build strong ESG data systems, assign clear ownership, and prepare supporting evidence well in advance.

Companies that start early will not only avoid last-minute compliance pressure but will also be better positioned to win trust from investors, banks, and global customers. If you need expert guidance on setting up sustainability reporting systems or preparing for BRSR and BRSR Core requirements, working with an experienced consulting partner can make the process smoother and more reliable.